

STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)	Docket No. 99-DIST-GEN-2
Exploring Revision to Current Interconnection)	
Rules Between Investor Owned and)	
Publicly Owned Utility Distribution Companies)	Energy Commission Distributed
and Distributed Generators)	Generation Strategic Plan
)	
)	
Evaluating CEQA Procedures for Siting)	
Distributed Facilities)	

**Comments of Emergent Energy Group Inc.,
on the
Draft Outline
Strategic Plan for Distributed Generation**

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Emergent Energy Group Inc. (EEG) provides customer friendly total distributed generation solutions. EEG is a California based alternative energy systems integrator and power systems developer, owner, and operator of “ultra clean and efficient” stationary fuel cell generation. EEG was recently placed on the California Power Authority’s approved bidders list for fuel cells. We are supportive of the California Energy Commission’s (CEC) efforts to develop a Strategic Plan for Distributed Generation.

Distributed generation (DG) can provide important benefits towards meeting the electricity requirements of California’s citizens and businesses. It contributes important security and reliability benefits as well as reduces the need for ratepayer investment in transmission and distribution facilities. DG can also reduce the need for additional central station power plants.

While important environmental gains can be achieved through installation of clean and efficient technologies, not all DG advances these important criteria. In order to ensure the competitiveness of California’s electrical system an aggressive investment in “Ultra Clean and Efficient” DG technologies is warranted. “Ultra Clean and Efficient” DG would be defined as technologies that not only exceed California Air Resources Board’s (CARB) proposed current DG emission standards but already meet the proposed 2007, central station standards today.

An “Ultra Clean and Efficient” DG network, would stimulate innovation, advance technology, create new and protect existing jobs, while ensuring the protection of public health and the environment. “Ultra Clean and Efficient” DG provides greater price stability, while serving as an insurance policy against fuel price increases. Environmental Justice gains are also achieved through the reduction of harmful power plant emissions of NO_x, SO_x, Particulates, VOCs, CO, CO₂ and Toxic Air Contaminants in our communities.

The CEC should not only consider a preference for clean DG, but go a step farther and promote DG that currently meets CARB’s proposed 2007 DG standards which are equivalent to central station power. State-of-the-art technologies, such as stationary fuel cells and combustion technologies with advanced emission controls, provide greater economic benefits of increased efficiency and reduced power plant emissions. Characterizing an economic value of these advanced technologies may also be helpful in advancing the role of “Ultra Clean and Efficient” technologies in other state agency proceedings concerning DG.

The CEC’s Strategic DG Plan could provide useful information regarding the current status of DG in California, by not only identifying the location and technology, but also providing the efficiency and emissions associated with the current DG system. The Commission’s various incentive programs could also expressly target advanced DG and emission control technologies. Removing the interconnect barriers through the Rule 21 Working Group along with the CPUC should remain a priority.

New investment in “Ultra Clean and Efficient” DG should be exempt from the legacy costs of electricity deregulation. Investing a small portion of the ratepayer obligation for the electrical system to date will lay the foundation for clean, efficient, competitive electrical supply system for California. Consideration should be given towards extending SB 28 x’s exemption from standby and exit fees for “Ultra Clean and Efficient” DG. Application time frames for this tariff exemption should also be evaluated for extension. Tariff certainty for “Ultra Clean and Efficient” DG is essential for inducing the substantial private investment required for advancing new technologies. Rate design measures that reward efficiency and reduced emissions should be evaluated and implemented to ensure the competitiveness of California’s electricity system for all ratepayers.

The CEC in its Strategic Plan for DG should consider targeting its efforts and financial incentive programs towards advanced DG technologies. The CEC should also continue to work with and encourage other State agencies to emphasize “Ultra Clean and Efficient” DG. The CPUC through its rate design, incentive programs and interconnection authorities has perhaps the most significant role to play in advancing state-of-the-art DG technologies. The California Power Authority through its Investment Plan, bid process and Industrial Development Bonding proposal should be commended for their commitment to advanced technologies and encouraged to do more. CARB could be encouraged to set a high benchmark for “Ultra Clean and Efficient” DG technologies that receive targeted incentives and rate design programs from the State. The California Treasurer’s Office and Technology Trade and Commerce Agency could be encouraged to direct their financial assistance and bonding authorities towards “Ultra Clean and Efficient” DG technologies as well.

A Strategic Plan that emphasizes “Ultra Clean and Efficient” DG, requires CEC collaboration with the various agencies to ensure a coordinated plan that lays the foundation for a clean, efficient, economically competitive electricity system for California. EEG is committed to making substantial investments in “Ultra Clean and Efficient” DG technologies.